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November 23, 2004

Janet Widmann
CalPERS Business Unit
Blue Shield of California
400 Capitol Mall, Suite 2580
Sacramento, CA 95814

SUBJECT: Formulary Safety

Dear Janet:

I am writing to express our concern about recent reports that imply that certain unsafe prescription drugs have been and continue to be made available to the public. CalPERS relies on our plan partners to ensure the safety and efficacy of the prescription drugs that are dispensed to our members.

As you are aware, the Senate held hearings last week on the withdrawal of Vioxx by Merck. In addition, the following five drugs were also cited by an expert as remaining on the market despite safety concerns:

- Accutane
- Crestor
- Meridia
- Serevent
- Bextra

CalPERS will need to respond to questions from members and the Board of Administration on what protective measures have been put into place.

Please explain what measures you have taken to ensure that the appropriate precautions have been implemented to protect our members. If any of the drugs in question are part of your formulary, please objectively support why you believe your formulary to be safe. Your immediate response is requested.

Sincerely,

Jarvio A. Grevious Assistant Executive Officer Health Benefits

cc: Sean Harrigan, President, Board of Administration Fred Buenrostro, CEO Peter Mixon, Chief Counsel